

M E M O R A N D U M

March 13, 2003

TO: All Pharmacies Participating in the North Dakota Medicaid Program

FROM: Brendan K. Joyce, PharmD, Administrator, Pharmacy Services

SUBJECT: Nutritional supplement coverage, State MAC, Dispensing Fee, Generic Utilization and Proton Pump Inhibitors, Quantity Limits, Medically Necessary Diapers, Future Initiatives

Nutritional Supplement Coverage

Please see the enclosed Food Supplementation Prior Authorization Guidelines. The DUR Board has reviewed coverage of nutritional supplements during a number of DUR Board meetings and determined that the attached guidelines are appropriate. These guidelines should strengthen the appropriateness of nutritional supplementation for ND Medicaid patients.

State MAC

After working with the ND Pharmaceutical Association, the Department of Human Services fully implemented the same MAC list as used by BCBS of ND for legend drugs. Additionally, a MAC list for OTC products covered by ND Medicaid was added. All providers that are signed up with Prime Therapeutics can obtain the legend drug MAC list through Prime's website. As soon as possible, we will obtain a link on our website for access to the legend and OTC drug MAC lists. The lists were activated January 31, 2003.

Dispensing Fee

As a result of our working with the ND Pharmaceutical Association and the implementation of the complete MAC list, the allowable dispensing fee was increased to \$5.10 for legend drugs on January 6, 2003. As we work to finalize issues, this may be modified. The Department and the ND Pharmaceutical Association will inform you of any changes.

Generic Utilization & Proton Pump Inhibitors

As the ND Pharmaceutical Association has reported, trends are promising in generic utilization and proton pump inhibitor use. The savings from the proton pump inhibitor initiative appear to be on track with desired amounts and there appears to be a significant shift in the percentage of generic prescriptions.

Quantity Limitations

The quantity limitations that have been put in place appear to have improved the cost effectiveness of dispensing. For example, in 2001, the average Geodon® prescription used 3.28 capsules per day. The 2002 average is down to 2.13 capsules. This is saving the Department of Human Services at least \$80,000 a year. We have seen the same shift in other products including Actos® (1.33 tablets down to 1.07 tablets per day), Celebrex® (1.84 to 1.48), Plavix® (1.31 to 1.11), and Lipitor® (1.27 to 1.01). Improving the cost effectiveness of dispensing allows the Department to focus on other more important areas for savings such as utilization.

New quantity limits since the last notice include the following.

| | |
|------------------------------|---------------|
| Blood glucose testing strips | 200 / 30 days |
| Mobic® 7.5 mg tablets | 34 / 34 days |
| Mobic® 15 mg tablets | 68 / 34 days |

Future additions to the quantity-limited drugs will include a variety of medication with triptans being the area with the broadest impact. These limits have not only saved money as mentioned above, but they have also significantly decreased errors in billing and subsequent disputes with rebates.

Medically Necessary Diapers

The Durable Medical Equipment section of ND Medicaid has operated without a fee schedule since its inception. This resulted in large variances in payment amounts when compared to other payers. A fee schedule has been put in place for DME during the past few months and some of these have an impact on pharmacies that provide DME services. One of the most noticeable is Medically Necessary Diapers. There is now an allowable of \$0.55 per diaper and a quantity limit of 200 diapers per 30 days for DME suppliers. Given the different block of business and acquisition costs, pharmacies are currently allowed \$0.65 per diaper. This allowable essentially eliminates pull-ups, which cannot be considered diapers and were never intended to be covered by Medicaid.

Future Initiatives

The Department of Human Services is focusing on utilization of services for the foreseeable future. It must be noted that the pharmacy budget (currently projected to be \$83 million – appropriated \$79.1 million for the current biennium) would be in a different state if it weren't for the hard work of the pharmacies, the pharmacists, the technicians, and the support staffs throughout the state. The Department would like to thank all of you for working with us during these trying times.

One future initiative, as a result of a meeting with members of the pharmacy community from throughout the state, will be consideration of limiting coverage to certain blood glucose testing supplies. Although the savings will not be as large as affecting Proton Pump Inhibitor use, it is an example of the type of ideas that can come from working together.

Food Supplementation Prior Authorization Guidelines

Nutritional supplementation coverage through Medicaid is considered optional by CMS. The following outlines ND Medicaid's defined coverage of these products.

Approval Criteria

- Nasogastric or gastrostomy tube feeding
- Malabsorption diagnoses including
 - Short Bowel (Gut) Syndrome
 - Crohn's Disease
 - Pancreatic Insufficiency
- Metabolic disorders including cystic fibrosis
- Limited volumetric tolerance requiring a concentrated source of nutrition (i.e., athetoid cerebral palsy with high metabolic rate).
- Severe swallowing and eating disorders where consistency and nutritional requirements can be met only using commercial nutritional supplements, including (refer below to non-covered swallowing and eating disorders):
 - Dysphagia due to excoriation of oral-pharyngeal mucosa
 - Mechanical swallowing dysfunction secondary to a disease process such as:
 - Cancer or herpetic stomatitis
 - Oral-pharyngeal trauma such as burns
 - Other oral-pharyngeal tissue injury
- Weight loss, with documentation providing the following information
 - Normal weight, percentile weight, and number of pounds lost in a specified time period
 - A specific medical problem which has caused the weight loss
 - Specific reasons why a diet of normal or pureed food cannot suffice

Non-Covered Diagnoses

- Swallowing disorders which may lead to aspiration
- Swallowing disorders which are psychosomatic in nature, as in anorexia or dementia
- Reduced appetite due to side effects of drug products, as with methylphenidate, amphetamines, appetite suppressants, etc.
- Mastication problems due to dentition problems

Products considered for coverage

ND Medicaid will only offer coverage for the following

- Products classified by First Data Bank as Therapeutic Class Code, Specific C5F (e.g. Ensure, Pediasure, Boost, Resource)

Products excluded from coverage

ND Medicaid will not offer coverage for the following

- Infant formulas, nucleic acid / nucleotide supplements, protein replacement, diet foods, geriatric supplements
- Any product when used in amounts less than 51% of daily intake (must essentially be majority source of nutrition)